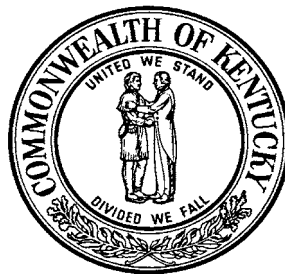


**LETTER FROM THE AUDITOR OF PUBLIC ACCOUNTS
JUSTICE CABINET OFFICE OF THE SECRETARY**

**In Reference to the Statewide Single Audit
of the Commonwealth of Kentucky**

For the Year Ended June 30, 2002



**EDWARD B. HATCHETT, JR.
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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
Ishmon F. Burks, Secretary
Justice Cabinet

MANAGEMENT LETTER

This letter presents the results of our audit of the Justice Cabinet Office of the Secretary, performed as part of our annual Statewide Single Audit of the Commonwealth of Kentucky.

In planning and performing our audit over compliance with requirements applicable to major federal programs, for the year ended June 30, 2002, we considered the Justice Cabinet Office of the Secretary's internal control in order to determine our auditing procedures. We also performed an audit on the Schedule of Expenditures of Federal Awards. We noted certain matters involving internal control, compliance and its operation that we are including in this letter. All are considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Justice Cabinet Office of the Secretary's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants.

A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions described herein is believed to be a material weakness.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Ishmon F. Burks, Secretary
Justice Cabinet

Included in this letter are the following:

- ◆ Acronym List
- ◆ Schedule of Expenditures of Federal Awards
- ◆ Notes to the Schedule of Expenditures of Federal Awards
- ◆ Findings (Reportable, Material and Other Matters)

We have issued our Statewide Single Audit of the Commonwealth of Kentucky that contains Justice Cabinet Office of the Secretary's findings, as well as those of other agencies of the Commonwealth. This report can be viewed on our website at www.kyauditor.net.

This letter is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

LIST OF ABBREVIATIONS/ACRONYMS

APA	Auditor of Public Accounts
CAP	Cost Allocation Plan
CFDA	Catalog of Federal Domestic Assistance
FY	Fiscal Year
GMB	Grants Management Branch
IDCRP	Indirect Cost Rate Proposal
JUST	Justice Cabinet Office of the Secretary
KRS	Kentucky Revised Statutes
MARS	Management Administrative Reporting System
OMB	Office of Management and Budget
SF	Short Form
US	United States
VAWA	Violence Against Women Formula Grants
VOCA	Crime Victim Assistance Grant

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

CFDA #	Program Title	Expenditures		Provided to Subrecipient
		Cash	Noncash	
JUSTICE CABINET				
<u>U.S. Department of Justice</u>				
Direct Programs:				
16.550	State Justice Statistics Program for Statistical Analysis Centers	\$	80,528	
16.554	National Criminal History Improvement Program (Note 3)			
16.575	Crime Victim Assistance		5,009,885	\$ 4,874,376
16.579	Byrne Formula Grant Program		3,673,905	3,440,318
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		815,465	
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants		26,112	
16.588	Violence Against Women Formula Grants		1,667,791	1,589,094
16.589	Rural Domestic Violece and Child Victimization Enforcement Grant Program		105,038	105,038
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders		60,897	60,897
16.592	Local Law Enforcement Block Grants Program		490,199	441,449
16.593	Residential Substance Abuse Treatment for State Prisoners (Note 3)			
16.607	Bulletproof Vest Partnership Program		19,518	3,190
16.710	Public Safety Partnership and Community Policing Grants (Note 3)			
TOTAL JUSTICE CABINET OFFICE OF THE SECRETARY		\$	11,949,338	\$ 10,514,362

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Note 1 - Purpose of the Schedule and Significant Accounting Policies

Basis of Presentation - OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires a Schedule of Expenditures of Federal Awards showing each federal financial assistance program as identified in the *Catalog of Federal Domestic Assistance*. The accompanying schedule includes all federal grant activity for the Commonwealth, except those programs administered by state universities, and is presented primarily on the basis of cash disbursements as modified by the application of Kentucky Revised Statute (KRS) 45.229. Consequently, certain expenditures are recorded in the accounts only when cash is disbursed. The Commonwealth elected to exclude state universities from the statewide single audit, except as part of the audit of the basic financial statements.

KRS 45.229 provides that the Finance and Administration Cabinet may, “for a period of thirty (30) days after the close of any fiscal year, draw warrants against the available balances of appropriations made for that fiscal year, for the payment of expenditures incurred during that year or in fulfillment of contracts properly made during the year, but for no other purpose.” However, there is an exception to the application of KRS 45.229 in that regular payroll expenses incurred during the last pay period of the fiscal year are charged to the next year.

The basic financial statements of the Commonwealth are presented on the modified accrual basis of accounting for the governmental fund financial statements and the accrual basis of accounting for the government-wide, proprietary fund, and fiduciary fund financial statements. Therefore, the schedule may not be directly traceable to the basic financial statements in all cases.

Clusters of programs are indicated in the schedule by light gray shading.

Inter-Agency Activity - Certain transactions relating to federal financial assistance may appear in the records of more than one (1) state agency. To avoid the overstatement of federal expenditures, the following policies were adopted for the presentation of the schedule:

Federal moneys may be received by a state agency and passed through to another state agency where the moneys are expended. Except for pass-throughs to state universities as discussed below, this inter-agency transfer activity is reported by the agency expending the moneys.

State agencies that pass federal funds to state universities report those amounts as expenditures.

Federal moneys received by a state agency and used to purchase goods or services from another state agency are reported in the schedule as an expenditure by the purchasing agency only.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

Note 2 - Type A Programs

Type A programs for the Commonwealth mean any program for which total expenditures of federal awards exceeded \$17 million for FY 02.

The Justice Cabinet Office of the Secretary had no programs which met the Type A program definition for the year ended June 30, 2002.

Note 3 - Zero Expenditure Programs

These programs had no expenditures related to the respective state organization during FY 02. The zero expenditure programs included programs with no activity during the year, such as old programs not officially closed out or new programs issued late in the fiscal year. They also included programs with activity other than expenditures.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-1: The Justice Cabinet Should Develop An Indirect Cost Allocation Plan And Submit It To The Cognizant Federal Agency For Approval**

State Agency: Justice Cabinet – Office of the Secretary

Federal Program: CFDA 16.575 – Crime Victim Assistance

CFDA 16.579 – Byrne Formula Grant Program

CFDA 16.588 – Violence Against Women Formula Grants

Federal Agency: U.S. Department of Justice

Pass-Through Agency: Not Applicable

Compliance Area: Allowable Costs/Cost Principles

Amount of Questioned Costs: Not Applicable

Indirect costs are those costs that benefit common activities and, therefore, cannot be readily assigned to a specific direct cost objective or project. Although the Justice Cabinet, Office of the Secretary, Grants Management Branch (GMB) does not have an approved indirect cost allocation plan in place for charging indirect costs to federal grants, indirect costs are included as part of the administrative costs for the agency.

Charging indirect costs to federal grants without an approved indirect cost allocation plan in place is not in compliance with OMB Circular A-133, Compliance Supplement Part 3 - Compliance Requirements, Section B, Allowable Costs/Cost Principles.

OMB Circular A-133 Compliance Supplement Part 3, Section B, Allowable Costs/Cost Principles, states, “In order to recover indirect costs, organizations must prepare cost allocation plans (CAPs) which apply only to state, local and Indian tribal governments or indirect cost rate proposals (IDCRPs) in accordance with the guidelines provided in OMB’s Circulars.”

Recommendation

We recommend GMB develop an appropriate indirect cost plan and submit it to the cognizant federal agency for approval. According to Chapter 17 of the U.S. Department of Justice Financial Guide, “Copies of brochures of indirect cost rates that may describe the procedures involved in the computation may be obtained from the U.S. Superintendent of Documents, United States Government Printing Office, Mail Stop: SSOP, Washington, DC 20402-9328.” GMB should request a copy of ASMB C-10-A, *Guide for State, Local, and Indian Tribal Governments, Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government*.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-1: The Justice Cabinet Should Develop An Indirect Cost Allocation Plan And Submit It To The Cognizant Federal Agency For Approval (Continued)**

Management's Response and Corrective Action Plan

The Justice Cabinet, Office of the Secretary, GMB is in agreement with the Findings and Recommendations concerning Indirect Costs. The following steps will be taken to bring the GMB into compliance.

As recommended, the Justice Cabinet, Office of the Secretary will obtain the necessary information to formulate an indirect cost plan. Once formulated, the plan will be submitted to our federal cognizant agency for approval. The GMB will provide assistance to the Division of Administration as needed. The Justice Cabinet, Office of the Secretary will notify the APA if any problems are encountered.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-2: The Justice Cabinet Should Develop Written Subrecipient Monitoring Policies And Procedures To Ensure Subrecipient Monitoring Is Properly Performed And Documented**

State Agency: Justice Cabinet – Office of the Secretary

Federal Program: CFDA 16.575 – Crime Victim Assistance

CFDA 16.579 – Byrne Formula Grant Program

CFDA 16.588 – Violence Against Women Formula Grants

Federal Agency: U.S. Department of Justice

Pass-Through Agency: Not Applicable

Compliance Area: Subrecipient Monitoring

Amount of Questioned Costs: Not Applicable

We reviewed GMB's policy and procedures manual and interviewed personnel to determine the extent that subrecipient monitoring activities were performed for the programs in this audit. We found there was no specific set of procedures performed consistently to monitor subrecipient activity.

There was no indication of a monitoring schedule or log to determine which subrecipients would receive desk, telephone, or site monitoring reviews. With no schedule available, and no written policy for monitoring activities, we could not determine if the agency complied with its own goals for subrecipient monitoring activities.

In the subrecipient files that we reviewed, there were several instances of missing quarterly reports. We were able to review the supporting documentation for the reports to verify that correct reimbursement payments were processed, but the original approved quarterly report was not located in several cases.

We also found insufficient documentation in the subrecipient files to determine what monitoring activities were performed or how often they were performed.

We only found a few completed monitoring tools in the subrecipient files. There was no documentation of when or if a desk review was conducted; therefore, we could not determine whether there was sufficient monitoring during the audit period.

Sufficient monitoring activities were not performed to ensure subrecipients were using federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals were achieved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-2: The Justice Cabinet Should Develop Written Subrecipient Monitoring Policies And Procedures To Ensure Subrecipient Monitoring Is Properly Performed And Documented (Continued)**

According to OMB Circular A-133, Subpart D (d) Pass-through entity responsibilities,

A pass-through entity shall perform the following for the federal awards it makes: . . .

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Recommendation

We recommend GMB develop policies and procedures to ensure subrecipient monitoring activities are being performed consistently and on a regular basis. We further recommend that documentation of these activities be filed in the subrecipient files when performed.

Management's Response and Corrective Action Plan

The Justice Cabinet, Office of the Secretary, GMB agrees with the Findings and Recommendations concerning Subrecipient Monitoring.

The policy and procedures manual has been updated to clarify procedures used for both desk and on-site monitoring. A program and financial monitoring report has been developed that is completed at each on-site monitoring visit. A copy of each report will be filed in the subrecipient file upon completion.

A spreadsheet has been created using Excel that includes all current year awards. Subrecipients that experience consistent problems during the desk monitoring and subrecipients that are not required to receive an annual audit will be given priority for on-site monitoring. The remaining programs will be selected randomly. As each on-site monitoring visit is scheduled the date of the scheduled audit is noted on the spreadsheet. Also, the dates the reports are completed and filed are noted on the spreadsheet.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-2: The Justice Cabinet Should Develop Written Subrecipient Monitoring Policies And Procedures To Ensure Subrecipient Monitoring Is Properly Performed And Documented (Continued)**

Management's Response and Corrective Action Plan (Continued)

Desk monitoring includes a review of the financial and program reports submitted by the subrecipient on a quarterly and/or monthly basis. Financial review includes reconciling the supporting documentation submitted with the financial report to the original approved budget. Minor deficiencies are addressed through either telephone or email contacts with the subrecipient and could include a request for additional information, mathematical correction on a financial report or the deletion of items not approved in the original budget. A signed copy of the quarterly and/or monthly financial report by the Auditor II indicates that the document has been reviewed/monitored and constitutes a desk monitoring of the subrecipient unless otherwise indicated on the financial report. Supporting documentation for financial reports is already required for the Byrne program. Beginning with the quarterly report for the period covering January 1, 2003 - March 31, 2003, supporting documentation will also be required for the VOCA [Crime Victim Assistance Grant] and VAWA [Violence Against Women Formula Grants] programs. Program reports are also reviewed/monitored on a quarterly basis. Any problems associated with the report are reconciled through telephone or email conversations with the subrecipient.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reportable Conditions Relating to Internal Controls and/or Reportable Instances of Noncompliance

FINDING 02-JUST-3: The Justice Cabinet Should Perform Sufficient Subrecipient Monitoring Activities To Ensure Subrecipients Expending More Than \$300,000 In Federal Awards Receive OMB Circular A-133 Audits

State Agency: Justice Cabinet – Office of the Secretary

Federal Program: CFDA 16.575 – Crime Victim Assistance

CFDA 16.579 – Byrne Formula Grant Program

CFDA 16.588 – Violence Against Women Formula Grants

Federal Agency: U.S. Department of Justice

Pass-Through Agency: Not Applicable

Compliance Area: Subrecipient Monitoring

Amount of Questioned Costs: Not Applicable

GMB did not perform sufficient subrecipient monitoring activities to ensure subrecipients expending more than \$300,000 in federal awards received OMB Circular A-133 audits.

For those subrecipients that had audits on file at GMB, there was no documentation of a desk review performed on the audit or record of follow-up on audit findings.

GMB did not properly advise subrecipients of their requirements as recipients of federal funds regarding audit reports, as the audit requirement information sent to subrecipients in the application package is not current.

During testing, we noted:

- There were five (5) subrecipients that expended more than \$300,000 in federal funds that did not submit an audit to GMB.
- In several audits on file, the subrecipients had numerous audit findings in internal control and compliance areas that could affect program administration. In one (1) instance, there was a reportable finding that affected the Byrne Program directly.

According to OMB Circular A-133, Subpart D (d) Pass-through entity responsibilities:

A pass-through entity shall perform the following for the federal awards it makes: . . .

- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirement imposed by the pass-through entity.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reportable Conditions Relating to Internal Controls and/or Reportable Instances of Noncompliance

FINDING 02-JUST-3: The Justice Cabinet Should Perform Sufficient Subrecipient Monitoring Activities To Ensure Subrecipients Expending More Than \$300,000 In Federal Awards Receive OMB Circular A-133 Audits (Continued)

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six (6) months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustments of the pass-through entity's own records . . .

Recommendation

We recommend GMB:

- develop procedures to ensure subrecipients that expend more than \$300,000 in federal funds in a year receive an OMB Circular A-133 audit.
- review the audits and follow up on audit findings within six (6) months after receipt of the audit. The audit desk review and follow up of audit findings should be properly documented in the subrecipient's file.
- update the audit requirement information provided to subrecipients in the application package to reflect the current audit requirements as determined by OMB Circular A-133.

Management's Response and Corrective Action Plan

The Justice Cabinet, Office of the Secretary, Grants Management Branch (GMB) is in agreement with the Findings and Recommendations concerning A-133 Audit Compliance. The Cabinet will take the following steps to correct this issue.

A database will be created (Excel) that contains all subgrantees that expend more than \$300,000 in federal funds during a 12-month period. The spreadsheet will include the organization title, the period covered for the most current audit received, the date the audit was received and type of audit. If necessary, the subrecipient will be notified that an A-133 audit must be completed. This notification will include the dates to be covered by the audit and the time frame allowed for submission to the Cabinet (GMB).

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-3: The Justice Cabinet Should Perform Sufficient Subrecipient Monitoring Activities To Ensure Subrecipients Expending More Than \$300,000 In Federal Awards Receive OMB Circular A-133 Audits (Continued)**

Management's Response and Corrective Action Plan (Continued)

All applicants are required to submit a copy of their most recent audit with their application package. The Cabinet (GMB) will develop a checklist for review of each audit. The checklist will include, but not be limited to, the period the audit covers, if any material weaknesses were noted or audit findings, was a management letter part of the audit, was the management letter included with the audit and is additional information needed to complete the audit review.

The audit requirement information contained in the application package has been updated and reflects the current audit requirements as determined by OMB Circular A-133. This form has been inserted in the original application for all federal programs. Information reported on this form will be used to create the database for those subrecipients that expend more than \$300,000 during a 12-month period.

The above noted Corrective Action Plan will be effective with the start of our 2003 award cycle which begins in March, 2003 with the Byrne application cycle; June, 2003 with the VOCA application cycle and September, 2003 with the VAWA application cycle.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-4: The Justice Cabinet Should Prepare Quarterly Financial Status Reports That Are Supported By Adequate Documentation**

State Agency: Justice Cabinet – Office of the Secretary

Federal Program: CFDA 16.575 – Crime Victim Assistance

CFDA 16.579 – Byrne Formula Grant Program

CFDA 16.588 – Violence Against Women Formula Grants

Federal Agency: U.S. Department of Justice

Pass-Through Agency: Not Applicable

Compliance Area: Reporting

Amount of Questioned Costs: Not Applicable

We tested nine (9) of the SF 269A Financial Status Reports submitted by the GMB to the U.S. Department of Justice to determine if they were supported by sufficient, accurate documentation.

On the nine (9) reports tested, we could not trace some of the amounts on the reports to the agency's supporting documentation. The supporting documentation, in this case, is an internal spreadsheet that tracks expenditures of the subrecipients' federal share and local match.

Since the SF 269A Financial Status Reports contain the actual expenditures and unliquidated obligations as incurred for both the reporting period and cumulative for the award period, it is important that the amounts on the report be supported in the agency's accounting records.

According to the U.S. Department of Justice Financial Guide, Chapter 11: Reporting Requirements, "Grantees are also required to maintain adequate documentation to provide an audit trail that substantiates the amounts reported on each SF 269A as submitted."

Recommendation

We recommend GMB continue to address this issue and try to improve the internally generated "Status Report" to accurately reflect the quarter's expenditures, as well as cumulative expenditures for the local governments' federal share and local match.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-4: The Justice Cabinet Should Prepare Quarterly Financial Status Reports That Are Supported By Adequate Documentation (Continued)**

Management's Response and Corrective Action Plan

The Justice Cabinet, Office of the Secretary, GMB disagrees with the Findings and Recommendations concerning SF269A Financial Status Reports. Listed below are the reasons for the disagreement.

Supporting documentation for federal expenditures reported on the SF 269A are taken directly from the Justice_022602: Database not the internal status report. Using the Management and Reporting Database, this database reports expenditures and revenues from the MARS statewide accounting system for all state agencies, units of local government and non-profit organizations receiving federal funds from the Cabinet. Each federal award is assigned a separate entity-wide code number and the creation of this database allows the GMB to create reports that, either by summary or detail, report expenditures and revenues based on the MARS entity-wide code number. This report can be pulled by fiscal year, through a specific year, by fiscal year and beginning fiscal month and ending fiscal month, and also a detail report for a specific project number.

The GMB also maintains internal reports (cash book and status reports) for each federal award received. These reports contain summary information on all subgrantees that includes federal revenue disbursed and expenditures (both federal and match) reported. Prior to the creation of MARS these internal reports were used exclusively to report all expenditures on the SF 269A report. However, with the creation of the MARS system it was determined (and a federal financial monitor agreed) that federal financial data reported on the SF269A reports should be pulled from the statewide accounting system (MARS).

Information contained on the internal reports (status reports) are posted directly from the quarterly and/or monthly reports submitted by the subrecipient. Since we award funds to state agencies, and any of their grant related expenditures are posted directly to the MARS system as expended, it is very possible that federal expenditures reported on the internal status report and federal expenditures reported in the MARS system would not agree until the grant is ready to close. Because of this it was determined that in order to show true expenditures we would use the MARS reports to complete the SF269A instead of the internal status report. Therefore, it would be unlikely that federal expenditures reported on the SF269A would reconcile with federal expenditures reported on the internal status report.

The internal status report is used to report match expenditures on the SF269A, therefore, match expenditures reported on the SF 269A should reconcile with the total match expenditures reported on the internal status report.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***Reportable Conditions Relating to Internal Controls and/or
Reportable Instances of Noncompliance*****FINDING 02-JUST-4: The Justice Cabinet Should Prepare Quarterly Financial
Status Reports That Are Supported By Adequate Documentation (Continued)**

Auditor's Reply

While we acknowledge that GMB has implemented procedures to accurately reflect part of the information reported on the SF 269A, a weakness still exists in the compilation of data, specifically for the matching expenditures, block/formula pass through, and the federal funds subgranted, for the remainder of the federal report. These amounts were not available on the Justice_022602: Database report in MARS and can only be obtained from the internal status reports. Therefore, to strengthen the reporting process, GMB should improve the internally generated status report as set forth in the recommendations to assure accuracy of all amounts on the SF-269A Financial Status Report.